

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

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TO SECSTATE WASHDC 5639

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E. O. 11652: N/A

TAGS: ECON, RP

SUBJECT: WITHDRAWAL OF MILITARY MANAGEMENT CONTROL
OVER PUBLIC UTILITY FIRMS

BEGIN SUMMARY: PRESIDENT MARCOS HAS WITHDRAWN
MILITARY CONTROL OVER MANAGEMENT OF PUBLIC UTILITIES
EXCEPT FOR THREE CIVIL AIRLINES, ALTHOUGH IMPLEMENTATION
WILL REPORTEDLY BE ON A CASE-BY-CASE BASIS DEPENDING ON
SECURITY SITUATION IN EACH FIRM. MOVE WILL IMPROVE
IMAGE OF MARTIAL LAW REGIME BUT IS NOT EXPECTED TO
HAVE SIGNIFICANT PRACTICAL AFFECT ON OPERATION OF
UTILITIES SINCE OTHER GOVERNMENT AGENCIES CAN
CONTINUE TO EXERT DESIRED CONTROL. END SUMMARY.

1. PRESIDENTIAL LETTER OF INSTRUCTION NO. 84 ISSUED
MAY 31 RESTORES CIVILIAN MANAGEMENT CONTROL TO
PRIVATELY- OWNED UTILITIES MANILA ELECTRIC COMPANY AND
PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND TO
GOVERNMENT- OWNED METROPOLITAN WATER WORKS AND SEWERAGE
SYSTEM AND PHILIPPINE NATIONAL RAILWAYS. PRESIDENT IS
QUOTED AS SAYING IMPLEMENTATION WILL BE ON A CASE-BY-CASE
BASIS AFTER CERTIFICATION BY SECURITY FORCES THAT EACH
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FIRM IS " NO LONGER
VULNERABLE TO SABOTAGE BY HOSTILE
ELEMENTS." FURTHERMORE, DEPARTMENT OF NATIONAL DEFENSE
WILL CONTINUE WORKING RELATIONSHIPS WITH THESE COMPANIES
FOR MAINTAINING PHYSICAL SECURITY OF PLANT FACILITIES
AND PERSONNEL. MILITARY MANAGEMENT AND CONTROL OVER
THREE AIRLINES NOW REDEFINED AND NARROWED IN SCOPE TO
CONCENTRATE MAINLY ON NATIONAL SECURITY INTERESTS AND
ENSURING CONTINUED OPERATIONS.

2. ACCORDING TO PRESS REPORTS, PRESIDENT INDICATED
THAT PUBLIC UTILITIES WERE RETURNED TO CIVILIAN CONTROL
BECAUSE OF NEED TO HAVE ARMED FORCES DISCHARGE THEIR
PRIMARY FUNCTION OF MAINTAINING PEACE AND ORDER.
OTHER MEASURES CITED WERE PRESIDENT' S DESIRE TO AVOID
UNNECESSARY AFP INVOLVEMENT IN CIVILIAN FUNCTIONS AS
WELL AS ADHERENCE TO PRINCIPLES OF PRIVATE ENTERPRISE.

3. ASSIGNMENT OF MILITARY OFFICERS TO UTILITIES, ONE
OF FIRST MOVES UNDER MARTIAL LAW, WAS LINKED IN PART TO
SECURITY THREATS AGAINST UTILITY INSTALLATIONS IN PRE-
MARTIAL LAW PERIOD. IT ALSO REFLECTED GOVERNMENT
CONCERN THAT THERE BE NO ADMINISTRATIVE COMPLICATIONS OR
DISRUPTION OF SERVICE IN LOPEZ- OWNED MERALCO, AND THAT
OTHER UTILITIES CONTINUE TO OPERATE NORMALLY. PRESENCE
OF MILITARY OFFICERS HAS ALSO BEEN A FACTOR IN PLANNING
AND IMPLEMENTATION OF GOVERNMENT FREFU CO RATIONALIZE
THESE INDUSTRIES AS PART OF ECONOMIC REFORM MEASURES.
DAY- TO- DAY MANAGEMENT OF COMPANIES, HOWEVER, HAS
CONTINUED IN CIVILIAN HANDS THROUGHOUT THIS PERIOD, WITH
MILITARY OFFICERS MONITORING KEY DECISIONS AND
REPRESENTING ULTIMATE AUTHORITY OF DEFENSE SECRETARY
ENRILE AS AUTHORIZED REPRESENTATIVE OF PRESIDENT.

4. COMMENT: ACCORDING TO RELIABLE REPORTS, ENRILE
HAS FOR SOME TIME FELT THAT CONTINUED ASSIGNMENT OF
MILITARY OFFICERS TO UTILITY FIRMS WAS WASTE OF
VALUABLE OFFICER TALENT, AND HE HAS WANTED THEM
RETURNED TO REGULAR DUTIES WHERE THEY ARE MORE NEEDED.
SOME STRENGTHENING OF ADMINISTRATIVE AND FINANCIAL
STRUCTURE HAS BEEN ACCOMPLISHED IN COMPANIES NOW
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REMOVED FROM MILITARY CONTROL, AND OTHER GOVERNMENT
AGENCIES CAN CONTINUE TO EXERT CONTROLS DESIRED BY
MARCOS ADMINISTRATION. RETENTION OF OFFICERS IN
AIRLINES INDICATES UNFINISHED INTEGRATION AND
RATIONALIZATION EFFORTS IN AVIATION INDUSTRY AS WELL
AS GOVERNMENT DESIRE FOR CLOSER MONITORING OF OPERATIONS.

5. IMPLEMENTATION OF PRESIDENT' S ORDER WILL BE VIEWED
AS FURTHER RELAXATION OF MARTIAL LAW REGIME AND THUS
IMPROVE ITS PUBLIC IMAGE. PRESIDENT HAS ALREADY TAKEN
STEPS TO SHIFT FROM MILITARY TO CIVILIAN CONTROL IN
ISSUANCE OF TRAVEL PERMITS AND ON
SUPERVISION OF MASS MEDIA.
HAMILTON

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